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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of)
) CC Docket No 97-181
Defining Primary Lines)

COMMENTS OF AMERITECH

Ameritech¹ submits these comments in response to the Commission's Notice of Proposed Rulemaking in this docket.²

In its Access Charge Reform Order,³ the Commission created separate subscriber line charge ("SLC") caps for non-primary residential and multi-line business lines. In addition, the Commission created a presubscribed interexchange carrier charge ("PICC") that will be set at one level for primary residential and single-line business lines and at other levels for non-primary residential and multi-line business lines. In the NPRM, therefore, the Commission addresses the issues involved in defining "single-line business line" and "primary residential line," for the purpose of applying these charges.

In the NPRM, the Commission evidences a great concern about the conceptual accuracy of the categorization of each line -- especially as it relates to the distinction between primary and non-primary residential lines. For example, the Commission asks whether the

¹ Ameritech means: Illinois Bell Telephone Company, Indiana Bell Telephone Company, Incorporated, Michigan Bell Telephone Company, The Ohio Bell Telephone Company, and Wisconsin Bell, Inc.

² *In the Matter of Defining Primary Lines*, CC Docket No. 97-181, Notice of Proposed Rulemaking, FCC 97-316 (released September 4, 1997) ("NPRM").

³ *In the Matter of Access Charge Reform, Price Cap Performance Review for Local Exchange Carriers, Transport Rate Structure and Pricing, End User Common Line Charges*, CC Docket Nos. 96-262, 94-1, 91-213, 95-72, First Report and Order, FCC 97-158 (released May 16, 1997) ("Access Charge Reform Order").

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determination should be made on the basis of the individual subscriber, the nature of the residence or the existence of a "household" defined in either census or tax terms.⁴ To this end, the Commission has suggested that a system of customer self-certification would be the best way to get the information necessary to achieve that conceptual accuracy.

Ameritech suggests, however, that the minimal benefits to be achieved from such a system (both in terms of the theoretical correctness of SLC charges paid by end users as well as the theoretical correctness of the amount and type of PICC charges paid by IXC's) must be balanced by the extreme costs associated with such a system -- not only the costs to local exchange carriers ("LECs") administering such a system, but also the costs to customers in terms of the confusion that the demands of self-certification would place on them as well as the costs associated with putting customers in the middle of a potential "enforcement situation." Instead, Ameritech suggests that the Commission adopt definitions that are conceptually fair and that are at the same time easy to administer, non-intrusive, and not confusing to customers.

I. THE DEFINITION OF SINGLE-LINE BUSINESS LINE SHOULD BE MODIFIED SLIGHTLY.

As the Commission noted, §69.104(h) already defines single-line business line:

A line shall be deemed to be a single-line business line if the subscriber pays a rate that is not described as a residential rate in the local exchange service tariff and does not obtain more than one such line from a particular telephone company.⁵

The Commission asks whether this definition should be modified to accommodate a situation in which a business obtains one line from an incumbent local exchange carrier ("ILEC") and

⁴ NPRM at ¶6.

⁵ See also §69.152(i) which repeats that definition.

other lines from a competitive LEC (“CLEC”) or wireless carrier.⁶

Ameritech suggests that there is little benefit to modifying the definition simply to permit the ILEC to charge the multi-line SLC on the single line that the business customer obtains from it when that customer also obtains other lines from a facilities-based CLEC. However, Ameritech does support the clarification of the definition requested by USTA in its Petition for Reconsideration and/or Clarification filed with respect to the Access Reform Order. In particular, USTA requested that the Commission add the following clarifying language to the single-line business line definition:

When an incumbent local exchange carrier provides a business line to another carrier so that carrier may resell that business line to a business that already receives a single business line, the incumbent local exchange carrier may collect the multi-line business charge described in (b)(3) from the reseller carrier. When such resale takes place, all lines provided to the business customer shall be considered multi-line business lines for the purposes of application of the SLC.

Such a modification would not require any great change in administration, information-gathering, or tracking. In addition, it would have the additional benefit of permitting the ILEC to charge the appropriate multi-line SLC not only on the single line that it provides directly to the business customer but also on the line that it provides to the reseller.

II. THE DEFINITION OF PRIMARY RESIDENTIAL LINE SHOULD BE FAIR AND EASY TO ADMINISTER.

A. Self-Certification Is Neither Necessary Nor Advantageous.

The Commission specifically asks whether the term “primary residential line” should be defined as the primary line of an individual subscriber, of a residence, of an individual household, or on some other basis.⁷ Further, the Commission inquires as to what sort of

⁶ NPRM at ¶5.

⁷ *Id.* at ¶6.

information it would need to identify lines with particular definitional category. The Commission tentatively concludes that ILECs' business records might be inadequate to identify primary residential lines and that, therefore, the Commission should permit price cap ILECs to use customer self-certification to identify primary residential lines.⁸ Further, the Commission seeks comment on the type of notification that would have to be given to subscribers to elicit self-certification, the privacy issues raised by that certification, the retention period necessary for information obtained via self-certification, and appropriate punitive measures in case of false certification.

Ameritech suggests that the very questions raised by the Commission point to all the problems associated with a customer self-certification mechanism and strongly urges the Commission instead to adopt a "service location" definition that can be implemented by referring to information already in customer records.⁹

The problems that would be created by a self-certification system are significant. First, in order to elicit information from customers, a notification would have to be carefully drawn in non-confusing language to define primary residential line and to explain what information is needed from customers. It is likely that any notice that demands customer certification would be confusing to some customers and would generate many inquiries to ILEC service centers.

In addition, the mechanism would have to accommodate those instances in which no self-certification was obtained -- *i.e.*, what would be the default classification in those probably significant number of cases in which a customer did not certify? If the default classification is

⁸ *Id.* at ¶¶8-9.

⁹ Ameritech recognizes that other definitions may be suggested in this proceeding. However, apart from the appropriateness of the service location definition as described herein, it is the only definition that Ameritech can implement by January 1, 1998. If any other definition or any form of self-certification were adopted, it would require up to a year to implement. In that case, in the interim, the same charges should apply for primary and non-primary residential lines.

“primary,” customers could simply decide not to send any certification back and all of their lines would be classified as primary. On the other hand, if the default classification is non-primary, many customers who inadvertently failed to respond would be inappropriately charged a higher SLC charge.

Further, as the Commission noted, obtaining information from the customer in this process at least raises questions of customer privacy.

Also, self-certification involves the substantial cost of accumulating, processing, and retaining this additional information. As the Commission noted, there is a question as to how long the information would need to be retained for audit and verification purposes.

Finally, customer self-certification gives the customer the opportunity to certify falsely and requires that the Commission deal with the issue of what punitive action should be taken as a result. Ameritech suggests that, if at all possible, the Commission should avoid creating a situation that puts the customer into a position of potentially making intentionally false statements and being penalized therefor.

B. A “Service Location” Definition Is the Most Reasonable.

The serious problems with customer self-certification leads Ameritech to suggest a more easily administrable definition. Specifically, Ameritech suggest that the Commission adopt a “service location” approach to the definitions of primary and non-primary residential line. That is, the first residential line at a given service location would be the primary residential lines. All subsequent residential lines installed at that location would be classified as non-primary. This definition would apply regardless of the number of bills or billed parties at a particular service location. This system would be unambiguous and easy to administer, not susceptible to manipulation, non-intrusive, fair and consistent with universal service policy.

First, the definition would be unambiguous and easy to administer. Currently, at least in the case of Ameritech, telephone company records can consistently identify initial and subsequent lines into the same service location. At that point it would be a simple matter of coding the initial line as primary residential line and all subsequent lines as non-primary for the purposes of SLC and PICC application. Moreover, the potential customer confusion surrounding self-certification would be completely absent; the cost of administering a self-certification program, with its mailings and forms, would be eliminated; and, since line status would be based on information already in ILEC records, no special record retention would be required for audit or verification purposes.

Second, since the classification would be based on an objective and easily verifiable standard, it would not be susceptible to “gaming” by subscribers. Under the service location definition, customers could not obtain several primary residential lines at the same location by simply ordering additional lines in the names of spouses, children, etc.

Third, the definition would be non-intrusive. It would not require the customer to certify to anything or to analyze or explain relationships among persons residing at the same location, thus completely eliminating the privacy issues associated with self-certification. And, there would be no issue of potential punitive action against a customer that falsely self-certifies.

Fourth, the definition is fair and consistent with universal service principles. Clearly, the purpose of charging a lower SLC rate on a primary residential line is to ensure that all consumers have affordable access to telephone service. Consistent with that principle, universal service goals are met when consumers have access to one line at a service location. While some might argue that separate individuals should each be entitled to his or her own primary line, this should not be a universal service policy goal that should be subsidized by

other users. For example, roommates could decide to have separate lines because it is easier for each person to keep track of his or her own telephone usage, but there is no reason that other customers should subsidize that convenience. If there are multiple lines at a given location, only one line should be considered to be the primary line for the application of the lower SLC rate. And the simplest and fairest way to determine which line qualifies is to make it the first or earliest line installed.

In the case of resale, an additional benefit of the “service location” definition is that, once the line is identified as a residential line, the reseller would not need to deal with customer representations as to whether the line is primary or not. In the case of Ameritech, the system would automatically determine that status based on whether the line was the initial or subsequent line to a given service location. In other words, this definition would relieve resellers of any burden associated with customer certification.

On the other hand, the Commission correctly concluded that the national data base proposals of Teleport and MFS were more burdensome than any potential benefit could justify and that Teleport’s proposal to use county and municipal records was administratively burdensome.¹⁰ Obviously, implementation of a service location definition would eliminate any national data base or municipal records issues.

Thus, contrary to the Commission’s tentative conclusion, using service location as the basis for defining primary residential lines recognizes that ILEC records contain sufficient information to implement a reasonable definition and that customer self-certification would be many times more burdensome, both to the carrier and its customers.¹¹

¹⁰ NPRM at ¶¶12-13.

¹¹ NPRM at ¶9.

In response to the Commission's specific request,¹² Ameritech estimates that, based on the "service location" criteria, approximately 14% of its residence lines would be classified as non-primary.

II. NO PROXY MODEL IS NECESSARY FOR VERIFICATION.

The Commission asks whether Hatfield model estimates should be used to verify the number of primary residential lines served by price cap ILECs.¹³ The answer is no.

The Hatfield model (or any other model) that uses estimation techniques will, by definition, produce an inferior result to actual ILEC counts of primary and non-primary lines. Any differences between the model and the reported line count should be presumed to be due to an error in the model, not to an inaccuracy in ILEC reported amounts. Therefore, where actual data is available, the Commission should use it and refrain from relying on mere estimates. That is especially true where ILEC counts are both available and easily auditable by an analysis of actual service records -- as would be the case with Ameritech's proposed "service location" method.

In addition, presumably ILECs will report primary and non-primary lines on a state-wide basis, not at the CBG level. The Hatfield model results would have to be aggregated to the state-wide level in order to be compared to the ILECs' reported line counts. Thus, any systematic errors in the model (either underestimating or overestimating) at the CBG level would be magnified when aggregated to the state wide level.

Generally, audits are performed by randomly sampling ILEC records and verifying that the information contained in the records is consistent with what the ILEC reported. There is

¹² NPRM at ¶7.

¹³ NPRM at ¶19.

no reason that this same procedure cannot be used to audit ILEC-reported primary and non-primary line counts, if necessary. Neither the Hatfield model nor any other proxy model would add any value in this regard.

IV. NO ADDITIONAL ENFORCEMENT PROVISIONS ARE NECESSARY.

The Commission inquired as to whether the Commission's current authority under the Communications Act and the provisions of Title 18 of the U. S. Code are sufficient to deter fraud or misrepresentation by carriers or consumers that may arise under the customer self-certification approach.¹⁴ Obviously, as noted above, one of the benefits of Ameritech's proposed "service location" definition of primary residential line is that there is no need to deal with any enforcement actions against customers for false self-certification. With respect to carrier misrepresentation, the Commission's authority is well-established and there is no need to treat the "threat" of carrier misconduct in this case differently from carrier misconduct in any other case.

V. THE COMMISSION SHOULD NOT PRESCRIBE CONSUMER DISCLOSURE LANGUAGE.

The Commission has sought comment on a specific disclosure statement that might be made by ILECs concerning SLCs for primary and non-primary residential lines.¹⁵ Ameritech suggests that the Commission need not specify the language of any such notice. ILECs are already familiar with the Commission's general notification requirements¹⁶ and have been making customer notifications for some time -- *e.g.*, whenever there has been an authorized

¹⁴ NPRM at ¶20.

¹⁵ NPRM at ¶22.

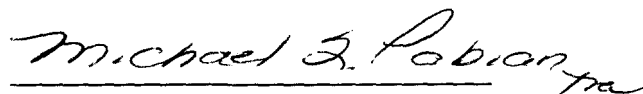
¹⁶ §61.58(a)(4) of the Commission's rules.

SLC increase (for those ILECs whose SLCs may have been below the cap). Thus, the Commission should permit ILECs to provide customer notification in any reasonable manner. This will permit carriers the flexibility to make the notification in a manner that is most clear and understandable given a carrier's experience with its customers.

VI. CONCLUSION.

In light of the foregoing, Ameritech requests that the Commission adopt reasonably workable definitions of various line categories for the application of SLCs and PICCs. In particular, Ameritech requests that the Commission provide clarification that the definition of single-line business line permits an ILEC to treat reseller service to the same business customer as a multi-line situation. In addition, Ameritech strongly recommends that the Commission adopt a "service location" approach for defining primary and non-primary residential lines.

Respectfully submitted,



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